GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:394
ANSWERED ON:09.08.2002
REVIEW OF INDUSTRIAL POLICY
HARIBHAI PARTHIBHAI CHAUDHARY

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Industrial Policy which has been in operation has been reviewed;

(b) if so, the outcome of the review; and

(c) the impact of the new policy on the industrial sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(DR. RAMAN SINGH)

(a) to (c): A Statement is laid on the Table of the House.
STATEMENT REFERRED IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO.394 FOR ANSWER ON 9.8.2002.

Review of Industrial Policy and its impact

Review of the Industrial Policy is an on going process.The focus of review is on development and promotion of industries. Several measures have been introduced to promote competitiveness of Indian industry in general and to boost demand, improve infrastructure base, upgrade technology, introduce labour flexibility, and encourage FDI flows, improve operating environment of industry by providing more liquidity, and improving stock market sentiments in particular. Some of these measures are listed below:

The Reserve Bank`s slack season credit policy for 2002-03 has announced measures for stepping up growth momentum with stimulus to agriculture, housing, small-scale sector and exports.

RBI`s credit policy announced in April 2002 aims at facilitating better credit delivery and moving forward with structural reforms. The RBI has cut Cash Reserve Ratio (CRR) to 5 per cent from 5.5 percent, a move that is likely to release Rs 5000 crores to banks for lending. This move will ease the liquidity position further.
The Union Budget 2002-03 has made allocations towards schemes for road development and infrastructure and construction, which will boost demand especially of steel and cement.

DIPP has entrusted sector-wise studies in respect of capital goods, pulp and paper and cement industries to organisations of international repute with a view to improve global competitiveness of these industries.

Power sector reforms have received a boost in pursuance of the centre`s decision to provide grants equal to the amount by which states have been able to reduce their power sector deficits. The states of Haryana, Rajasthan and Andhra Pradesh have been able to reduce losses in the past couple of years. These three states will now be eligible for matching grant under the Accelerated Power Development and Reform Programme (APDRP).

The draft Electricity Bill has been introduced in the Parliament for facilitating comprehensive power sector reforms.

Union Budget 2002-03 has abolished 16% special excise duty on all, except eight items. 4% excise duty has also been removed for parts and accessories of bicycles, hand pumps, toys and umbrellas, roofing tiles and pre-recorded audiocassettes.

Additional 15% depreciation on new plant and machinery has been allowed.

In its bid to improve the flow of credit to small-scale industries, the RBI increased the value limit for collateral requirement for loans from Rs 5 lakh to Rs 15 lakh. This would mean that banks can disburse loans up to Rs 15 lakhs to small-scale units without collateral.

Measures to boost exports

Medium term export strategy estimates a compound growth rate of 11.9% for the next five years to achieve 1% share in the world trade in 2006-07, from the current 0.6%. Government has set a target of 12 per cent growth in exports for 2002-03.

To achieve the target of 1% share in the world trade, Medium term Export strategy for 2002-07, makes an opportunity assessment based on the import basket of major importing economies of the world .A total of 220 commodities at the 4-digit level have been identified as potential exports. Sector-wise strategies to boost production for exports in key sectors, which include engineering/electronic/electrical, and allied items, textiles, gems & jewellery, chemicals & allied sector, have also been announced.